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PART II—Section 2

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इस भाग में अलग संख्या की जाती है जिससे फिर पाह अलग संक्लिन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 8th December, 1977:—

BILL NO 141 OF 1977

A Bill to consolidate and amend the law relating to co-operative societies with objects not confined to one State and serving the interests of members in more than one State

BE it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Multi-state Co-operative Societies Act, 1977. Short title, extent and commencement.

(2) It extends to the whole of India. Application.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint. Definitions.

2. The provisions of this Act shall apply to—

(a) societies which were incorporated before the commencement of this Act, under the Co-operative Societies Act, 1912, or any other law relating to co-operative societies in force in any State with objects not confined to that State or in pursuance of the provisions of the Multi-unit Co-operative Societies Act, 1942, and the registration of which has not been cancelled before such commencement; and

(b) multi-state co-operative societies to be incorporated after the commencement of this Act. Definitions.

3. In this Act, unless the context otherwise requires,—

(a) "board" means the board of directors or the governing body of a multi-state co-operative society, by whatever name called, to

which the direction and control of the management of the affairs of the society is entrusted;

(b) "bye-laws" means the registered bye-laws for the time being in force and includes registered amendments of such bye-laws;

(c) "Central Registrar" means a person appointed under sub-section (1) of section 4 to perform the functions of the Central Registrar of Co-operative Societies under this Act and includes any officer empowered to exercise the powers of the Central Registrar under sub-section (2) of that section;

(d) "Chief Executive" means a Chief Executive of a multi-state co-operative society appointed under section 46;

(e) "co-operative bank" means a multi-state co-operative society undertaking banking business;

(f) "co-operative principles" means the principles specified in the First Schedule;

(g) "co-operative society" means a society registered or deemed to be registered under any law relating to co-operative societies in force in any State;

(h) "co-operative year", in relation to any multi-state co-operative society or class of such societies, means the year ending on the 30th day of June and where the accounts of such society or class of societies are, with the previous sanction of the Central Registrar, balanced on any other day, the year ending on such day;

(i) "Deposit Insurance Corporation" means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961;

(j) "member" means a person joining in the application for the registration of a multi-state co-operative society and a person admitted to membership after such registration in accordance with the provisions of this Act, the rules and the bye-laws and includes a nominal member;

(k) "multi-state co-operative society" means a society registered or deemed to be registered under this Act and includes a national co-operative society;

(l) "multi-state co-operative society with limited liability" means a society having the liability of its members limited by its bye-laws to the amount, if any, unpaid on the shares respectively, held by them or to such amount as they may, respectively, thereby undertake to contribute to the assets of the society, in the event of its being wound up;

(m) "national co-operative society" means a multi-state co-operative society listed in the Second Schedule;

(n) "nominal member" means a member who possesses only such privileges and rights of a member, and who is subject only to such liabilities of a member, as may be specified in the bye-laws;

(o) "notification" means a notification published in the Official Gazette;

(p) "officer" means a president, vice-president, chairman, vice-chairman, managing director, secretary, manager, member of a board, treasurer, liquidator, an administrator and includes any other person empowered under this Act or the rules or the bye-laws to give directions in regard to the business of a multi-state co-operative society;

47 of 1961.

2 of 1934.

- (q) "prescribed" means prescribed by rules;
- (r) "Reserve Bank" means the Reserve Bank of India constituted by the Reserve Bank of India Act, 1934;
- (s) "rules" means the rules made under this Act.

CHAPTER II

CENTRAL REGISTRAR AND REGISTRATION OF SOCIETIES

4. (1) The Central Government may appoint a person to be the Central Registrar of Co-operative Societies and may appoint other persons to assist him.

(2) The Central Government may, by notification, direct that any power exercisable by the Central Registrar under this Act (other than the power of registration of a multi-state co-operative society) shall, in relation to such society, and such matters, as may be specified in the notification be exercisable also by any other officer of the Central Government or of a State Government, subject to such conditions as may be specified therein:

Provided that no officer of a State Government shall be empowered to exercise any power in relation to a national co-operative society:

Provided further that no officer of a State Government below the rank of the Registrar of Co-operative Societies shall be empowered to exercise any power exercisable by the Central Registrar under section 88

5. (1) No multi-state co-operative society shall be registered under this Act, unless the main aim of the society is such as to render it necessary to serve the interests of members in more than one State

(2) Subject to the provisions of sub-section (1), a multi-state co-operative society, which has as its aims the promotion of the economic and social betterment of its members through mutual aid in accordance with the co-operative principles or a multi-state co-operative society established with the object of facilitating the operations of other such societies or of co-operative societies or of both may be registered under this Act

(3) The word "Limited" or its equivalent in any Indian language shall be suffixed to the name of every multi-state co-operative society registered under this Act with limited liability

6. (1) For the purposes of registration of a multi-state co-operative society under this Act, an application shall be made to the Central Registrar in such form and with such particulars as may be prescribed

(2) The application shall be signed—

(a) in the case of a multi-state co-operative society of which all the members are individuals, by at least fifty persons;

(b) in the case of a multi-state co-operative society of which the members are co-operative societies, by duly authorised persons on behalf of at least two such societies as are situated in more than one State; and

(c) in the case of a multi-state co-operative society of which another multi-state co-operative society and other co-operative societies are members, by authorised representatives of each such societies:

Provided that such application shall, in relation to co-operative societies, be signed by authorised representatives of not less than two co-operative societies from two different States

Central Registrar.

Multi-state co-operative societies which may be registered

Application for registration.

(3) The application shall be accompanied by a copy of the proposed bye-laws of the multi-state co-operative society and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Central Registrar may require.

**Regis-
tration.**

7. (1) If the Central Registrar is satisfied—

- (a) that the application complies with the provisions of this Act and the rules;
- (b) that the proposed multi-state co-operative society satisfies the basic criterion that its aim is such as to render it necessary to serve the interests of members in more than one State;
- (c) that the majority of the individual members do not reside in one State;
- (d) that there is no other multi-state co-operative society having similar area of operation and identical objectives;
- (e) that the proposed bye-laws are not contrary to the provisions of this Act and the rules; and
- (f) that the proposed multi-state co-operative society has reasonable prospects of becoming a viable unit;

he may register the multi-state co-operative society and its bye-laws

(2) Where the Central Registrar refuses to register a multi-state co-operative society, he shall communicate the order of refusal together with the reasons therefor, to such of the applicants as may be prescribed.

(3) The application for registration shall be disposed of by the Central Registrar within a period of six months from the date of receipt thereof by him:

Provided that if the Central Registrar is unable to dispose of the application within the period aforesaid, he shall make a report to the Central Government stating therein the reasons for his inability to do so, and the Central Government may allow him such further period or periods as is considered necessary to dispose of such application.

**Regis-
tration
certi-
ficate.**

8. Where a multi-state co-operative society is registered under this Act, the Central Registrar shall issue a certificate of registration signed by him, which shall be conclusive evidence that the society therein mentioned is duly registered under this Act, unless it is proved that the registration of the society has been cancelled

**Amend-
ment of
bye-law
of a
multi-
state co-
operative
society.**

9. (1) No amendment of any bye-laws of a multi-state co-operative society shall be valid, unless such amendment has been registered under this Act.

(2) Every proposal for such amendment shall be forwarded to the Central Registrar and if the Central Registrar is satisfied that the proposed amendment—

- (a) is not contrary to the provisions of this Act or of the rules;
- (b) does not conflict with co-operative principles; and

(c) will promote the economic interests of the members of the multi-state co-operative society;
he may register the amendment within a period of six months from the date of receipt thereof by him.

Provided that if the Central Registrar is unable to register the amendment within the period aforesaid, he shall make a report to the Central Government stating therein the reasons for his inability to do so, and the Central Government may allow him such further period or periods as is considered necessary to register the amendment.

(3) The Central Registrar shall forward to the multi-state co-operative society a copy of the registered amendment together with a certificate signed by him and such certificate shall be conclusive evidence that the amendment has been duly registered.

(4) Where the Central Registrar refuses to register an amendment of the bye-laws of a multi-state co-operative society, he shall communicate the order of refusal together with the reasons therefor to the society in the manner prescribed within seven days from the date of such refusal.

10. An amendment of the bye-laws of a multi-state co-operative society shall, unless it is expressed to come into operation on a particular day, come into force on the day on which it is registered.

When
amend-
ment of
bye-laws
comes
into
force.
Change
of
name.

11. (1) A multi-state co-operative society may, by an amendment of its bye-laws, change its name but such change shall not affect any right or obligation of the multi-state co-operative society or of any of its members or past members, and any legal proceedings which might have been continued or commenced by or against the multi-state co-operative society by its former name may be continued or commenced by its new name.

(2) Where a multi-state co-operative society changes its name, the Central Registrar shall enter the new name on the register of multi-state co-operative societies in place of the former name and shall amend the certificate of registration accordingly.

12. Every multi-state co-operative society shall have a principal place of business and an address registered in the manner prescribed to which all notices and communications may be sent and any change in the principal place of business of a multi-state co-operative society shall be made with the previous approval of the Central Registrar.

13. (1) No multi-state co-operative society with unlimited liability shall be registered after the commencement of this Act:

Change of
address.

Liability.

Provided that where a multi-state co-operative society with unlimited liability functions before the commencement of this Act, such society shall exercise the option within a period of one year from such commencement either to continue to function as such or to convert itself into a multi-state co-operative society with limited liability by following the procedure specified in sub-sections (2) to (4).

(2) Subject to the provisions of this Act and the rules, a multi-state co-operative society may, by an amendment of its bye-laws, change the extent of its liability.

(3) When a multi-state co-operative society has passed a resolution to change the extent of its liability, it shall give notice thereof in writing to all its members and creditors, and, notwithstanding anything contained in the bye-laws or contract to the contrary, any member or creditor shall, during the period of one month from the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(4) Any member or creditor who does not exercise his option within the period specified in sub-section (3) shall be deemed to have assented to the change.

(5) An amendment of a bye-law of a multi-state co-operative society changing the extent of its liability shall not be registered or shall not take effect until either—

(a) the assent thereto of all members and creditors has been obtained; or

(b) all claims of members and creditors who exercise the option referred to in sub-section (3) within the period specified therein have been met in full or otherwise satisfied.

Amalgamation,
transfer
of assets
and liabili-
ties,
or divi-
sion of
multi-
state co-
operative
societies.

14. (1) A multi-state co-operative society may, with the prior consultation of the Central Registrar and by a resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of the society,—

(a) transfer its assets and liabilities in whole or in part to any other multi-state co-operative society or a co-operative society,

(b) divide itself into two or more multi-state co-operative societies;

(c) divide itself into two or more co-operative societies.

(2) Any two or more multi-state co-operative societies may, with the prior consultation of the Central Registrar and by a resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of each such society, amalgamate themselves and form a new multi-state co-operative society.

(3) The resolution of a multi-state co-operative society under sub-section (1) or sub-section (2) shall contain all particulars of the transfer or division or amalgamation, as the case may be:

Provided that in the case of a co-operative bank, the Central Registrar shall not accord approval to any such resolution without the previous sanction in writing of the Reserve Bank.

(4) When a multi-state co-operative society has passed a resolution under sub-section (1) or sub-section (2), it shall give notice thereof in writing to all the members and creditors and, notwithstanding anything contained in the bye-laws or contract to the contrary, any member or creditor shall, during the period of one month of the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(5) Any member or creditor who does not exercise his option within the period specified in sub-section (4) shall be deemed to have assented to the proposals contained in the resolution.

(6) (a) A resolution passed by a multi-state co-operative society under this section shall not take effect until the assent thereto of all the members and creditors has been obtained.

(b) The multi-state co-operative society shall make arrangements for meeting in full or otherwise satisfying all claims of the members and creditors who exercise the option within the period specified in sub-section (4).

(7) On receipt of an application for the registration of new societies formed by division in accordance with the resolution passed under sub-section (1) or of a new society formed by amalgamation in accordance with the resolution passed under sub-section (2), the Central Registrar, on being satisfied that the resolution has become effective under sub-section (6) shall, unless for reasons to be recorded in writing he thinks fit to refuse so to do, register the new societies or society, as the case may be, and the bye-laws thereof.

(8) On the issue of an order under sub-section (7), the provisions of section 18 shall, so far as may be, apply to the multi-state co-operative society so divided or the multi-state co-operative societies so amalgamated.

(9) Where a resolution passed by a multi-state co-operative society under this section involves the transfer of any assets and liabilities, the resolution shall, notwithstanding anything contained in any law for the time being in force, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

15. (1) Where the Central Registrar is satisfied that it is essential in the public interest, or in the interest of the co-operative movement, or for the purpose of securing the proper management of any multi-state co-operative society that two or more multi-state co-operative societies should be amalgamated or reorganised, then, notwithstanding anything contained in section 14, but subject to the provisions of this section, the Central Registrar may, by order, provide for the amalgamation or reorganisation of these societies into a single society or into societies with such constitution, property rights, interests and authorities and such liabilities, duties and obligations, as may be specified in the order:

Provided that no such order of amalgamation, or reorganisation in respect of a co-operative bank shall be made without the previous sanction in writing of the Reserve Bank

(2) No order shall be made under this section, unless,—

(a) a copy of the proposed order has been sent in draft to the multi-state co-operative society or each of the societies concerned; and

(b) the Central Registrar has considered and made such modifications in the draft order as may seem to him desirable in the light of any suggestions and objections which may be received by him within such period (not being less than three months from the date on which a copy of the order aforesaid is received by the society or societies, as the case may be), as the Central Registrar may fix in that behalf, either from the society or from any of the

Power to direct amalgamation or reorganisation in public interest, etc.

societies concerned or from any member or class of members thereof or from any creditor or class of creditors thereof.

(3) The order referred to in sub-section (1) may contain such incidental, consequential and supplemental provisions as may, in the opinion of the Central Registrar, be necessary to give effect to the amalgamation, or reorganisation, as the case may be

(4) Every member or creditor of each of the multi-state co-operative societies to be amalgamated, or reorganised, who has objected to the scheme of amalgamation, or reorganisation, within the period specified, shall be entitled to receive, on the issue of the order of amalgamation, or reorganisation, his share or interest, if he be a member, and the amount in satisfaction of his dues, if he be a creditor.

(5) On the issue of an order under sub-section (1), the provisions of sub-sections (2), (3) and (4) of section 18 shall apply to the multi-state co-operative societies so amalgamated, or reorganised, as if the amalgamation, or reorganisation, had been made under section 14.

Central
Registrar
to pre-
pare
scheme
of amal-
gamation
or re-
organisa-
tion of
co-opera-
tive
bank in
certain
cases.

10 o' 1949.

16. When an order of moratorium has been made by the Central Government under sub-section (2) of section 45 of the Banking Regulation Act, 1949, in respect of a co-operative bank, the Central Registrar, with the previous approval of the Reserve Bank in writing, may, during the period of moratorium, prepare a scheme—

- (a) for the amalgamation of the co-operative bank with any other co-operative bank; or
- (b) for the reorganisation of the co-operative bank.

Liability
of a
co-opera-
tive bank
to the
Deposit
Insurance
Corpora-
tion.

47 o' 1961.

17. Notwithstanding anything contained in sections 14 and 15 or any other provision of this Act, where a co-operative bank, being an insured bank within the meaning of the Deposit Insurance Corporation Act, 1961, is amalgamated or reorganised and the Deposit Insurance Corporation has become liable to pay to the depositors of the insured bank under sub-section (2) of section 16 of that Act, the bank with which such insured bank is amalgamated, or the new co-operative bank formed after such amalgamation, or as the case may be, the insured bank or transferee bank shall be under an obligation to repay to the Deposit Insurance Corporation in the circumstances, to the extent and in the manner referred to in section 21 of the Deposit Insurance Corporation Act, 1961.

Cancella-
tion of
registra-
tion
certifi-
cate of
multi-
state co-
operative
societies
in certain
cases.

18. (1) Where the whole of the assets and liabilities of a multi-state co-operative society are transferred to another multi-state co-operative society or to a co-operative society in accordance with the provisions of section 14 or section 15, the registration of the first-mentioned multi-state co-operative society shall stand cancelled and the society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(2) Where two or more multi-state co-operative societies are amalgamated into a new multi-state co-operative society in accordance with

the provisions of section 14 or section 15, the registration of each of the amalgamating societies shall stand cancelled on the registration of the new society, and each society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(3) Where a multi-state co-operative society divides itself into two or more multi-state co-operative societies or two or more co-operative societies in accordance with the provisions of section 14, the registration of that society shall stand cancelled on the registration of the new societies, and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(4) The amalgamation and splitting of multi-state co-operative societies shall not in any manner whatsoever affect any right or obligation of the resulting multi-state co-operative society or societies or render defective any legal proceedings by or against the multi-state co-operative society or societies, and any legal proceedings that might have been continued or commenced by or against the multi-state co-operative society or societies, as the case may be, before the amalgamation or splitting may be continued or commenced by or against the resulting multi-state co-operative society or societies.

(5) Where a multi-state co-operative society has not commenced business within a period of three months of the date of its registration or such extended period as the Central Registrar may allow in this behalf or has ceased to function or if the Central Registrar is satisfied, after making such inquiry as he thinks fit, that the society no longer has genuinely as its aim one or more of the objects specified in section 5 and that its registration ought in the interest of the general public be cancelled, he shall make an order cancelling the registration of the multi-state co-operative society and the multi-state co-operative society shall, from the date of such order of cancellation, be deemed to be dissolved and shall cease to exist as a corporate body.

19. (1) A co-operative society may, by an amendment of its bye-laws, extend its jurisdiction and convert itself into a multi-state co-operative society and no such amendment of bye-laws of a co-operative society shall be valid unless it has been registered by the Central Registrar.

Conversion of co-operative society into multi-state co-operative society.

(2) (a) Every proposal for such amendment shall be forwarded to the Central Registrar.

(b) If the Central Registrar, after consulting the Registrar of Co-operative Societies of the State concerned, has satisfied himself of the need for such amendment under sub-section (2) of section 9, he may register the amendment within a period of six months from the date of receipt thereof by him:

Provided that if the Central Registrar is unable to register the amendment within the period aforesaid, he shall make a report to the Central Government stating therein the reasons for his inability to do so, and the Central Government may allow him such further period or periods as is considered necessary to register the amendment.

(3) The Central Registrar shall forward to the co-operative society a copy of the registered amendment together with a certificate signed by him and such certificate shall be conclusive evidence that the amendment has been registered.

(4) Where the Central Registrar refuses to register an amendment of the bye-laws of a co-operative society, he shall communicate the order of refusal together with the reasons therefor to the society in the manner prescribed within seven days from the date of refusal.

(5) (a) Once the amendment of bye-laws has been registered by the Central Registrar, the co-operative society shall, as from the date of registration of amendment, become a multi-state co-operative society.

(b) The Central Registrar shall forward to the co-operative society a certificate signed by him to the effect that such society has been registered as a multi-state co-operative society under this Act and also forward a copy of the same to the Registrar of Co-operative Societies of the State concerned.

(c) The Registrar of Co-operative Societies referred to in clause (b) shall thereupon make an order directing that the society had, as from the date of registration by the Central Registrar, ceased to be a society under the law relating to co-operative societies in force in that State.

CHAPTER III

MEMBERS OF MULTI-STATE CO-OPERATIVE SOCIETIES AND THEIR RIGHTS AND LIABILITIES

Persons
who
may
become
members

20 (1) No person shall be admitted as member of a multi-state co-operative society except the following, namely:—

(a) an individual competent to contract under section 11 of the Indian Contract Act, 1872;

9 of 1872

(b) any multi-state co-operative society or any co-operative society;

(c) the Central Government;

(d) a State Government;

(e) the National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962;

26 of 1982.

(f) any other corporation owned or controlled by Government;

(g) any Government company as defined in section 617 of the Companies Act, 1956;

1 of 1956.

(h) such class or classes of persons or association of persons as may be permitted by the Central Registrar having regard to the nature and activities of a multi-state co-operative society.

(2) Notwithstanding anything contained in sub-section (1), no individual shall be eligible for admission as a member of any national co-operative society:

Provided that such number of individuals possessing such qualifications as may be prescribed may be admitted as members of the National Co-operative Union of India Limited.

(3) Any person eligible for membership in a multi-state co-operative society may, on application, be admitted as a member by such society.

(4) Every application for admission as a member of a multi-state co-operative society shall be disposed of by such society within a period of six months from the date of receipt of the application, and the decision of such society on the application shall be communicated to the applicant within fifteen days from the date of such decision:

Provided that if the decision is not communicated within a period of six months from the date of receipt of the application, the multi-state co-operative society shall be deemed to have made a decision on the date of expiry of such period, refusing admission to the applicant.

(5) Notwithstanding anything contained in this section, the Central Government may, having regard to the fact that the interest of any person or class of persons conflicts or is likely to conflict with the objects of any multi-state co-operative society or class of multi-state co-operative societies, by general or special order published in the Official Gazette, declare that any person or class of persons engaged in or carrying on any profession, business or employment shall be disqualified from being admitted, or for continuing, as members or shall be eligible for membership only to a limited extent of any specified multi-state co-operative society or class of multi-state co-operative societies, so long as such person or persons is or are engaged in or carrying on that profession, business or employment, as the case may be.

21. (1) Notwithstanding anything contained in clause (e) or clause (f) or clause (g) of sub-section (1) of section 20, a multi-state co-operative society may admit any person as a nominal member in accordance with its bye-laws. Nominal members.

(2) A nominal member shall not be entitled to any share in any form whatsoever in the assets or profits of the multi-state co-operative society.

(3) Save as otherwise provided in this section, a nominal member shall have such privileges and rights of a member, and be subject to such liabilities of a member, as may be specified in the bye-laws of a multi-state co-operative society.

22 No member of a multi-state co-operative society shall exercise the rights of a member, unless he has made such payments to the society in respect of membership, or has acquired such interest in the society, as may be specified in the bye-laws. Members not to exercise rights till due payment made.

23 (1) A multi-state co-operative society may, by resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of members held for the purpose, expel a member for acts which are detrimental to the proper working of the society: Expulsion of members.

Provided that the member concerned shall not be expelled unless he has been given an opportunity of making representation in the matter.

(2) No member of a multi-state co-operative society who has been expelled under sub-section (1) shall be eligible for re-admission as a member of that society, or for admission as a member of any other multi-state co-operative society for a period of two years from the date of such expulsion:

Provided that the Central Registrar may, on application of a multi-state co-operative society and in special circumstances, sanction the re-admission or admission within the said period, of any such member as a member of the said society or of any other multi-state co-operative society, as the case may be.

**Votes
of
members**

24. Every member of a multi-state co-operative society, including a member who is an employee of such society, shall have one vote in the affairs of the society:

Provided that—

(a) a member who is an employee of such society shall not be entitled to vote—

(i) at an election of a member of the board of such society, other than an election referred to in section 35;

(ii) in any general meeting convened for framing the bye-laws of such society or any amendments thereto;

(b) in the case of an equality of votes, the chairman shall have a second or casting vote;

(c) a nominal member shall not have the right to vote;

(d) where any of the authorities referred to in clauses (c) to (g) of sub-section (1) of section 20 is a member of a multi-state co-operative society, each person nominated by such authority, on the board of directors, in accordance with the provisions contained in this Act and the rules shall have one vote;

(e) a multi-state co-operative society, the members of which include co-operative societies or other multi-state co-operative societies, may provide for an equitable system of voting.

**Manner
of exer-
cising
vote.**

25. (1) Every member of a multi-state co-operative society shall exercise his vote in person and no member shall be permitted to vote by proxy.

(2) Notwithstanding anything contained in sub-section (1), a multi-state co-operative society or a co-operative society which is a member of another multi-state co-operative society, may, subject to the rules, appoint one of its members to vote on its behalf in the affairs of that other society.

**Restric-
tions on
holding
of shares.**

26 No member, other than any of the authorities referred to in clauses (c) to (g) of sub-section (1) of section 20 or a multi-state co-operative society or a co-operative society, shall,—

(a) hold more than such portion of the total share capital of the society (in no case exceeding one-fifth thereof) as may be prescribed, or

(b) have or claim any interest in the shares of the society exceeding ten thousand rupees:

Provided that the Central Government may, by notification, specify in respect of any class of societies a higher or lower maximum than one-fifth of the share capital or, as the case may be, a higher or lower amount than ten thousand rupees.

**Restric-
tions on
transfer
of shares
or in-
terest.**

27. The transfer of the share or interest of a member in the capital of a multi-state co-operative society shall be subject to such conditions as to maximum holding as are specified in section 26.

28. Shares held in a multi-state co-operative society by any of the authorities referred to in clauses (c) to (g) of sub-section (1) of section 20 shall be redeemable in accordance with the bye-laws of such multi-state co-operative society and in a case where the bye-laws do not contain any provision in this regard, in such manner as may be agreed upon between a multi-state co-operative society and such authority.

Redemp-
tion of
shares.

29. (1) On the death of a member, a multi-state co-operative society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the board to be the heir or legal representative of the deceased member, or pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest as ascertained in accordance with the rules:

Transfer
of interest
on death of
members.

Provided that no such transfer or payment shall be made except with the consent of the nominee, heir or legal representative, as the case may be.

(2) A multi-state co-operative society shall, unless within six months of the death of the member prevented by an order of a competent court, pay to such nominee, heir or legal representative, as the case may be, all other moneys due to the deceased member from the society.

(3) All transfers and payments made by a multi-state co-operative society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

30. (1) Subject to the provisions of sub-section (2), the liability of a past member or of the estate of a deceased member of a multi-state co-operative society for the debts of the society as they existed,—

Liability
of past
member
and
estate
of de-
ceased
member.

(a) in the case of a past member, on the date on which he ceased to be a member;

(b) in the case of a deceased member, on the date of his death, shall continue for a period of two years from such date

(2) Where a multi-state co-operative society is ordered to be wound up under section 78, the liability of a past member who ceased to be a member or of the estate of a deceased member who died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the society as they existed on the date of cessation of membership or death, as the case may be.

CHAPTER IV

DIRECTION AND MANAGEMENT OF MULTI-STATE CO-OPERATIVE SOCIETIES

31. (1) The general body of a multi-state co-operative society shall consist of all the members of such society:

body,
constitu-
tion,
powers
and
functions.

Provided that where the bye-laws of a multi-state co-operative society provide for the constitution of a smaller body consisting of delegates of members of the society elected or selected in accordance with such bye-laws, the small body shall exercise such powers of the general body as may be prescribed or as may be specified in the bye-laws of the society.

(2) Where in any meeting of the general body or the board of a multi-state co-operative society, a co-operative society or another multi-state co-operative society is to be represented, such co-operative society or other multi-state co-operative society shall be represented in such meeting only through the chairman or the Chief Executive of such co-operative society or other multi-state co-operative society, as the case may be, and where there is no board of such co-operative society or other multi-state co-operative society, for whatever reasons, through the administrator, by whatever name called, of such co-operative society or other multi-state co-operative society.

(3) The general body of a multi-state co-operative society shall have the following powers, namely:—

- (a) consideration of the audit report and annual report;
- (b) disposal of net profits;
- (c) approval of the programme of activities for the ensuing year;
- (d) amendment of bye-laws;
- (e) election, if any, of the members of the board, other than nominated members, subject to the provisions of section 37.

Annual general meeting of the general body.

32. (1) Every multi-state co-operative society shall, within a period of nine months after the close of the year, call a general meeting of its members in the manner prescribed:

Provided that the Central Registrar may, by general or special order, extend the period for holding such meeting for a further period not exceeding three months:

Provided further that if in the opinion of the Central Registrar no such extension is necessary or such meeting is not called by the multi-state co-operative society within the extended period, if any, granted by him, the Central Registrar or any person authorised by him in this behalf may call such meeting in the manner prescribed, and that meeting shall be deemed to be a general meeting duly called by the society and the Central Registrar may order that the expenditure incurred in calling such a meeting shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Central Registrar, was or were responsible for the refusal or failure to convene the general meeting.

(2) At every annual general meeting of a multi-state co-operative society the board shall lay before the society a statement showing the details of the loans or goods on credit, if any, given to any of the members of the board or to the spouse or a son or daughter of a member of the board during the preceding year or outstanding against him or against such spouse or son or daughter of the member of the board.

Special general meeting of the general body.

33. (1) The Chief Executive of a multi-state co-operative society, by whatever designation called, may, at any time, on the direction of the board, call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Central Registrar or from such number of members or a proportion of the total number of members, as may be provided in the bye-laws.

(2) If a special general meeting of a multi-state co-operative society is not called in accordance with the requisition referred to in sub-section (1), the Central Registrar or any person authorised by him in this behalf shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the Chief Executive in accordance with the provisions of that sub-section and the Central Registrar may order that the expenditure incurred in calling such meeting shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Central Registrar, was or were responsible for the refusal or failure to convene the special general meeting.

34. Subject to the provisions of this Act and the rules, there shall be a board of directors for every multi-state co-operative society consisting of such number of members as may be provided for under the bye-laws.

35. (1) (a) There shall be reserved in such class of multi-state co-operative societies, as may be prescribed, such number of seats as are mentioned in sub-section (2) to represent the employees of a multi-state co-operative society on the board of such society.

(b) In prescribing the class of multi-state co-operative societies under clause (a), the Central Government shall have due regard to—

- (i) the nature and activities of a multi-state co-operative society;
- (ii) the number of persons employed by such society; and
- (iii) any other relevant factor.

(2) The number of seats to be reserved under sub-section (1) shall be—

(a) if the number of members of the board of a multi-state co-operative society is eleven or less—one seat; and

(b) if the number of such members is twelve or more—one additional seat for every ten members over and above the first eleven members:

Provided that the maximum number of seats reserved under this sub-section shall not exceed two.

(3) The seats reserved under this section shall be filled by election from amongst employees of a multi-state co-operative society.

36. No member of any multi-state co-operative society or nominee of a member-society on a national co-operative society shall be eligible for being chosen as, or for being, a member of the board of directors of such multi-state co-operative society or national co-operative society or of any other co-operative society to which the multi-state co-operative society is affiliated, if such member—

- (a) is a minor or has been adjudged by a competent court to be insolvent or of unsound mind;
- (b) is concerned or participates in the profits of any contract with the society;
- (c) has been convicted for an offence involving moral turpitude;
- (d) holds any office or place of profit under the society:

Provided that the Chief Executive, by whatever designation called, or a person who is in full time employ of a multi-state co-operative society and holding such office as may be notified by the Central Government in the Official Gazette from time to time or a person elected by the employees of such society to represent them on the board of such society shall not be deemed to hold office or place of profit under such society;

Board of
directors.

Repre-
sentation
of wor-
kers on
the board
of a
multi-
state
co-ope-
rative
society

Disqual-
ification
for a
member
of a
board.

(e) has been a member of the society for less than twelve months immediately preceding the date of such election or appointment;

(f) has interest in any business of the kind carried on by the society of which he is a member;

(g) who has taken loan or goods on credit from the society of which he is a member, or is otherwise indebted to such society and after the receipt of a notice of default issued to him by such society, has defaulted—

(i) in repayment of such loan or debt or in payment of the price of the goods taken on credit, as the case may be, within the date fixed for such repayment or payment or where such date is extended, which in no case shall exceed six months within the date so extended, or

(ii) when such loan or debt or the price of goods taken on credit is to be paid in instalments, in payment of any instalment, and the amount in default or any part thereof has remained unpaid on the expiry of six months on and from the date of such default:

Provided that a member of the board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year from the date on which he ceased to hold office, for re-election as a member of the board of the multi-state co-operative society of which he was a member or for election to the board of any other multi-state co-operative society;

(h) is a person against whom any amount due under a decree, decision or order is pending recovery under this Act;

(i) is employed as a legal practitioner on behalf of or against the multi-state co-operative society, or on behalf of or against any other multi-state co-operative society which is a member of the former society.

Explanation.—For the purposes of this clause, "legal practitioner" has the same meaning as in clause (i) of sub-section (1) of section 2 of the Advocates Act, 1961;

25 of 1961.

(j) is a nominal member;

(k) has been sentenced for any offence under this Act.

**Election
of mem-
bers of
board.**

37. (1) The superintendence, direction and control of the preparation of the electoral rolls for, and the conduct of, elections of the members of the board of such multi-state co-operative societies or class of multi-state co-operative societies as the Central Government may, by general or special order, notify, shall be vested in such returning officers as may be appointed by the Central Registrar in this behalf.

(2) The vote at such elections shall be by secret ballot.

(3) The term of office of the elected members of the board shall be such, not exceeding thirty-six months from the date of election, as may be specified in the bye-laws of a multi-state co-operative society:

Provided that the elected members shall continue to hold office till their successors are elected or nominated under the provisions of this Act or the rules or the bye-laws.

(4) No person shall be eligible to be elected as a member of the board of a multi-state co-operative society unless he is a member of the general body of that society.

(5) The Government may make rules generally to provide for or to regulate matters in respect of elections of members of the board.

38. Notwithstanding anything contained in this Act, no person shall be eligible to hold office of a president, vice-president, chairman or vice-chairman, or such other office, as may be prescribed, on the board of more than one national co-operative society, other than the National Co-operative Union of India Limited:

Provided that any person holding, at the commencement of this Act, the office of a president, vice-president, chairman, or vice-chairman, or such other office, as may be prescribed, in more than one national co-operative society shall, within three months from such commencement by notice in writing signed by him, intimate the name of the national co-operative society in which he wishes to serve and thereupon his office in the other national co-operative societies in which he does not wish to serve shall become vacant:

Provided further that in default of such intimation within the period referred to in the preceding proviso, his offices in all the national co-operative societies shall, at the expiration of the period aforesaid, become vacant.

39. No person shall be eligible to hold the office of a president, vice-president, chairman, or vice-chairman or such other office, as may be prescribed, on the board of a multi-state co-operative society, after he has held all or any of the offices as aforesaid during two consecutive terms, whether full or part:

Provided that a person who has ceased to hold all or any of the offices as aforesaid continuously for one full term of three years shall again be eligible for election to any of the offices aforesaid.

Explanation—Where any person holding any of the offices as aforesaid at the commencement of this Act is again elected to that office or any other office as aforesaid after such commencement, he shall for the purpose of this sub-section, be deemed to have held office for one term before such election.

40. Honorarium may be paid to the elected chairman or president of the board of directors out of the profits of the multi-state co-operative society in respect of specific services rendered by him, subject to such restrictions and conditions as may be prescribed.

41. An elected member of a board who has acted adversely to the interests of a multi-state co-operative society may, on the basis of a report from the Central Registrar or otherwise, be removed from the board upon a resolution of the general body passed at its meeting by a majority of not less than two-thirds of the members present and voting at the meeting.

Holding
of office
in co-
operative
society.

Restric-
tions on
holding of
office.

Payment
of hono-
rarium.

Removal
of
elected
members
by general
body.

Removal of member by Central Registrar

42. If in spite of cessation of office under circumstances mentioned in section 36 or section 38 or section 39 or section 41 a member of the board refuses to vacate his office, the Central Registrar shall, by order in writing, remove him from such office.

Nominee of Central Government or State Government on the board of multi-state co-operative societies

43. (1) Where the Central Government or a State Government has subscribed to the share capital of a multi-state co-operative society to the extent of not less than one-third but not more than two-thirds thereof or has guaranteed the repayment of principal and payment of interest on debentures issued by a multi-state co-operative society or has guaranteed the repayment of principal and payment of interest on loans and advances to a multi-state co-operative society, the Central Government or the State Government, as the case may be, or any person authorised by the Central Government or the State Government in this behalf shall have the right to nominate on the board such number of persons not exceeding three, or one-third of the total number of members therof, whichever is less, as the Central Government or the State Government may determine

(2) Where the Central Government or a State Government has subscribed to the share capital of a multi-state co-operative society in excess of two-thirds of the total share capital of the multi-state co-operative society, the Central Government, or the State Government, as the case may be, or any person authorised by the Central Government or the State Government in this behalf shall have the right to nominate up to one-half of the total number of members of the board, or five, whichever is less.

(3) The bye-laws of a multi-state co-operative society may provide for the nomination of persons in excess of the limits indicated in sub-section (1) or sub-section (2).

(4) A person nominated under this section shall hold office during the pleasure of the Central Government or the State Government, as the case may be.

Powers of the board of multi-state co-operative societies

44. The board of directors of a multi-state co-operative society shall have the following powers, namely:—

- (a) to admit members;
- (b) to interpret the organisational objectives and set up specific goals to be achieved towards these objectives;
- (c) to make required changes in the long-term objectives and plans;
- (d) to make periodic appraisal of operations;
- (e) to appoint a Chief Executive and such other employees of the society as are not required to be appointed by the Chief Executive;
- (f) to make rules regulating the appointment of employees of the multi-state co-operative society and the scales of pay, allowances and other conditions of service of such employees;
- (g) to constitute such committees as are required from time to time, subject to the provisions of section 48.

45. (1) The Chief Executive shall convene the meetings of the board at the instance of the chairman or president of the multi-state co-operative society.

Meetings
of the
board

(2) The board shall meet once in every quarter, provided that the total number of meetings of the board shall not exceed six in a year.

(3) The meetings of the board of the multi-state co-operative society shall ordinarily be held at the registered office of such society.

46. (1) There shall be a Chief Executive, by whatever designation called, of every multi-state co-operative society, to be appointed by the board of directors and he shall be a full-time employee of such multi-state co-operative society.

Chief
Executive:

(2) The Chief Executive shall be a member of the board of directors and of the Executive Committee and such other committees or sub-committees as may be constituted under sub-section (1) of section 48.

47. The Chief Executive shall exercise the powers and discharge the functions, specified below, namely:—

Powers
and func-
tions of
Chief
Executive.

(a) day-to-day management of the business of the multi-state co-operative society;

(b) operating the accounts of the multi-state co-operative society and be responsible for making arrangements for safe custody of cash;

(c) signing on the documents for and on behalf of the multi-state co-operative society;

(d) making arrangements for the proper maintenance of various books and records of the multi-state co-operative society and for the correct preparation, timely submission of periodical statements and returns in accordance with the provisions of this Act, the rules and the bye-laws;

(e) convening meetings of the general body, the board of directors and the Executive Committee and other committees or sub-committees constituted under sub-section (1) of section 48 and maintaining proper records for such meetings;

(f) making appointments to posts in the multi-state co-operative society in accordance with the rules made under clause (f) of section 44 except the posts in relation to which the power of appointment vests in the board under clause (e) of that section;

(g) assisting the board in the formulation of policies and objectives and planning;

(h) furnishing to the board periodical information necessary for appraising the operations and functions of the multi-state co-operative society;

(i) performing such other duties, and exercising such other powers, as may be prescribed or as may be specified in the bye-laws of the multi-state co-operative society.

48. (1) The board of a multi-state co-operative society may constitute an Executive Committee and other committees or sub-committees, as may be considered necessary:

Committee
of the
board

Provided that the number of such other committees or sub-committees constituted under this sub-section shall not exceed two.

(2) The Executive Committee or other committee or sub-committee referred to in sub-section (1) shall perform such functions as are assigned to it in accordance with the bye-laws of the multi-state co-operative society.

Supersession of board.

(1) If in the opinion of the Central Registrar the board of any multi-state co-operative society persistently makes default or is negligent in the performance of the duties imposed on it by this Act or the rules or the bye-laws or commits any act which is prejudicial to the interest of the society or its members, or that there is a stalemate in the constitution or functioning of the board, the Central Registrar may, after giving the board an opportunity to state its objections, if any, and considering the objections if received, by order in writing, remove the board and appoint one or more administrators, who need not be members of the society, to manage the affairs of the society for such period not exceeding one year, as may be specified in the order, which period may, at the discretion of the Central Registrar, be extended from time to time, so, however, that the aggregate period does not exceed two years.

(2) The Central Registrar may fix such remuneration for the administrator, as he may think fit and the remuneration shall be paid out of the funds of the multi-state co-operative society.

(3) The administrator shall, subject to the control of the Central Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the functions of the board or of any officer of the multi-state co-operative society and take all such actions as may be required in the interest of the society.

(4) The administrator shall, before the expiry of his term of office, arrange for the constitution of a new board in accordance with the bye-laws of the multi-state co-operative society.

(5) If at any time during the period the administrator is in office, the Central Registrar considers it necessary or expedient so to do, he may, by order in writing giving reasons therefor, direct the administrator to arrange for the constitution of a new board for such multi-state co-operative society in accordance with the bye-laws of such society and immediately on the constitution of such board, the administrator shall hand over the management of such society to such newly constituted board and cease to function.

(6) Where a multi-state co-operative society is indebted to any financing institution, the Central Registrar shall, before taking any action under sub-section (1) in respect of that society, consult the financing institution.

(7) Notwithstanding anything contained in this Act, the Central Registrar shall, in the case of a co-operative bank, if so required in writing by the Reserve Bank in the public interest or for preventing the affairs of the co-operative bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of a co-operative bank, pass an order for the supersession of the board of that co-operative bank and for the appointment of an administrator therefor for such period or periods not exceeding five years in the aggregate, as may from time to time be specified by the Reserve Bank.

50. (1) If—

(a) the records (including registers and books of accounts) of a multi-state co-operative society are likely to be tampered with or destroyed or the funds or other property of such society are likely to be misappropriated or misapplied; or

(b) the board of a multi-state co-operative society is reconstituted at a general meeting of the society, or (c) the board of a multi-state co-operative society is removed by the Central Registrar under sub-section (7) of section 49, or (d) a multi-state co-operative society is ordered to be wound up under section 78 and the outgoing members of the board refuse to hand over charge of the records and property of the society to those having, entitled to receive or, such charge the Central Registrar may apply to the magistrate within whose jurisdiction the multi-state co-operative society functions for securing the records and property of the society.

(2) On receipt of an application under sub-section (1), the magistrate may, by a warrant, authorise any police officer not below the rank of a sub-inspector to enter and search any place where such records and property are kept or are believed to be kept and to seize such records and property; and the records and property so seized shall be handed over to the new board or administrator of the multi-state co-operative society or the liquidator, as the case may be.

51. The Government shall—

(a) constitute a body of persons in the manner prescribed for the preparation of a list of persons eligible for appointment to the posts of Chief Executives and other management posts in national co-operative societies, the maximum pay-scale of which exceeds such amount as may be prescribed;

(b) make rules for regulating the recruitment, remuneration, allowances and other conditions of service of officers and other employees of national co-operative societies.

52. No act of a multi-state co-operative society or of any board or of any officer of the society shall be deemed to be invalid by reason only of the existence of any defect in the procedure or in the constitution of the society or of the board or in the appointment or election of an officer or on the ground that such officer was disqualified for his office.

Securing possession of records, etc.

Constitution of body of persons for preparation of list, etc

Acts of multi-state co-operative societies not to be invalidated by certain defects

CHAPTER V

PRIVILEGES OF MULTI-STATE CO-OPERATIVE SOCIETIES

53. The registration of a multi-state co-operative society shall render it a body corporate by the name under which it is registered having perpetual succession and a common seal, and with power to hold property, enter into contract, institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it is constituted.

Multi-state co-operative society to be body corporate

54. A multi-state co-operative society shall have a charge on the share or contribution or interest in the capital and on the deposits of a member or past member or deceased member and on any dividend,

Charge and set-off

in respect
of share or
contribution or
interest of
members

Share or
contribution or
interest
not liable
to attach-
ment

Register
of
members

Admissi-
bility of
copy of
entry as
evidence

Exem-
ption from
compul-
sory re-
gistration
of instru-
ments.

benus or profits payable to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member or the estate of such deceased member to the society, and may set-off any sum credited or payable to a member or past member or the estate of deceased member in or towards payment of any such debt.

55. (1) Subject to the provisions of section 54, the share or contribution of interest of a member or past member or deceased member in the capital of a multi-state co-operative society shall not be liable to attachment or sale under any decree or order of any court in respect of any debt or liability incurred by such member, and an official assignee or a receiver under any law relating to insolvency shall not be entitled to or have any claim on such share or contribution or interest.

(2) The reserve fund, or the bad debt reserves, or the provident fund of the employees, of a multi-state co-operative society invested by such society in accordance with the provisions of this Act and the rules shall not be liable to attachment under any decree or order of a court in respect of any debt or liability incurred by the society.

56. Any register or list of members or shares kept by any multi-state co-operative society shall be *prima facie* evidence of any of the following particulars entered therein, namely:—

- (a) the date on which any person entered in such register or list became a member;
- (b) the date on which any such person ceased to be a member.

57. (1) A copy of any entry in a book of a multi-state co-operative society regularly kept in the course of its business shall, if certified in such manner as may be prescribed, be received in any suit or legal proceedings as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of a multi-state co-operative society and no officer in whose office the books of a multi-state co-operative society are deposited after liquidation shall, in any legal proceedings to which the society or the liquidator is not a party, be compelled to produce any of the society's books or documents the contents of which can be proved under this section, or to appear as a witness to prove the matters, transactions and accounts therein recorded, except under an order of a court or an arbitrator made for a special cause.

58. Nothing in clauses (b) and (c) of sub-section (1) of section 17 of the Registration Act, 1908, shall apply to—

(a) any instrument relating to shares in a multi-state co-operative society notwithstanding that the assets of the society consist in whole or in part of immovable property; or

(b) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property, except in so far as it entitles

the holder thereof to the security afforded by a registered instrument whereby the society has mortgaged, conveyed, or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

(c) an endorsement upon or transfer of any debenture issued by any such society.

59. (1) Notwithstanding anything contained in any law for the time being in force, a member of a multi-state co-operative society may execute an agreement in favour of that society providing that his employer disbursing his salary or wages shall be competent to deduct every month from the salary or wages payable to him, such amount as may be specified in the agreement and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.

Deduction
from
salary to
meet
multi-
state co-
operative
society's
claim in
certain
cases.

(2) On the execution of such agreement, the employer disbursing the salary or wages of the members shall, if so required by the multi-state co-operative society by a requisition in writing and so long as the society does not intimate that the whole of such debt or other demand has been paid, make the deduction in accordance with the agreement and pay the amount so deducted to the society, as if it were a part of the salary or wages payable on the day as required under the Payment of Wages Act, 1936 and such payment shall be valid discharge of the employer for his liability to pay the amount deducted.

* of 1936.

(3) If after the receipt of a requisition made under sub-section (2) the employer disbursing the salary or wages of the member at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned or makes default in remitting the amount deducted to the multi-state co-operative society, the society shall be entitled to recover any such amount from such employer as arrears of land revenue and the amount so due from such employer shall rank in priority in respect of the liability of such employer equal to that of the salary or wages in arrears.

60. Notwithstanding anything contained in any law for the time being in force, the Central Government or a State Government may, with a view to promoting co-operative movement:—

Government
aid
to
multi-
state co-
operative
societies.

(i) subscribe to the share capital of a multi-state co-operative society;

(ii) give loans or make advances to a multi-state co-operative society;

(iii) guarantee the repayment of principal and payment of interest on debentures issued by a multi-state co-operative society;

(iv) guarantee the repayment of share capital of a multi-state co-operative society and dividends thereon at such rates as may be specified by the Central Government or the State Government;

(v) guarantee the repayment of principal and payment of interest on loans and advances to a multi-state co-operative society;

(vi) give financial assistance in any other form, including subsidies, to any multi-state co-operative society.

CHAPTER VI

PROPERTIES AND FUNDS OF MULTI-STATE CO-OPERATIVE SOCIETIES

Funds not
to be
divided
by way of
profit.

Disposal
of net
profits.

61. No part of the funds, other than net profits, of a multi-state co-operative society shall be divided by way of bonus or dividend or otherwise distributed among its members.

62. (1) A multi-state co-operative society shall, out of its net profits in any year—

(a) transfer an amount not less than twenty-five per cent to the reserve fund; and

(b) credit such portion, as may be prescribed, to the co-operative education fund maintained by the National Co-operative Union of India Limited.

(2) Subject to such conditions as may be prescribed, the balance of the net profits may be utilised for all or any of the following purposes, namely:—

(a) payment of dividend to members on their paid-up share capital at a rate not exceeding the prescribed limit;

(b) constitution of, or contribution to, such special funds including education funds, as may be specified in the bye-laws;

(c) donation of amounts not exceeding five per cent. of the net profits for any purpose connected with the development of co-operative movement or charitable purposes as defined in section 2 of the Charitable Endowments Act, 1890; and

(d) payment of *ex gratia* amount to employees of the multi-state co-operative society to the extent and in the manner specified in the bye-laws.

(3) The funds of a multi-state co-operative society shall not be utilised for any political purpose.

Invest-
ment of
funds.

63. A multi-state co-operative society may invest or deposit its funds—

(a) in the post office savings bank; or

(b) in a co-operative bank, State co-operative bank, co-operative land mortgage bank, co-operative land development bank or Central co-operative bank; or

(c) in any of the securities specified in section 20 of the Indian Trusts Act, 1882; or

(d) in the shares or securities of any other multi-state co-operative society or any co-operative society; or

6 of 1890.

2 of 1882.

(e) in the shares, securities or assets of any other institution, with the previous approval of the Central Registrar.

~~\$69~~ with any bank.

Explanation.—In this clause, “bank” means any banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949, and includes.—

10 of 1949

23 of 1955.

38 of 1959,

5 of 1970

- (a) the State Bank of India constituted under the State Bank of India Act, 1955;
 - (b) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959;
 - (c) a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; or
 - (g) in any other mode permitted by the rules.

64. (1) A multi-state co-operative society, other than a co-operative bank, shall not make a loan—

Restrictions on loans

(a) to a member on the security of his share or on the security of a non-member; or

(b) to a non-member:

Provided that with the general or special sanction of the Central Registrar a multi-state co-operative society may make loans to another multi-state co-operative society.

(2) Notwithstanding anything contained in sub-section (1), a multi-state co-operative society may make a loan to a depositor on the security of his deposit.

-65. A multi-state co-operative society shall receive deposits and loans only to such extent and under such conditions as may be specified in the bye-laws:

Restrictions on borrowing

10 of 1949

Provided that a co-operative bank shall be governed by the provisions of the Banking Regulation Act, 1949.

66. Save as provided in sections 64 and 65, the transaction of a multi-state co-operative society with any person other than a member shall be subject to such prohibitions and restrictions, if any, as may be prescribed.

Restrictions on other transactions with non-members.

67 (1) A multi-state co-operative society having such number or class of employees as may be prescribed may establish a contributory provident fund for the benefit of such employees to which shall be credited all contributions made by the employees and the society in accordance with the bye-laws of the society.

(2) Contributory provident fund established by a multi-state co-operative society under sub-section (1) shall not—

(a) be used in the business of the society;

(b) form part of the assets of the society;

(c) be liable to attachment or be subject to any other process or any court or other authority

Contribu-
tory pro-
vident
fund

CHAPTER VII

AUDIT, INQUIRY, INSPECTION AND SURCHARGE

Audit.

68. (1) The Central Registrar shall audit, or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every multi-state co-operative society at least once in each year.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, the verification of the cash balance and securities, and a valuation of the assets and liabilities of the multi-state co-operative society.

(3) The person auditing the accounts of a multi-state co-operative society shall have free access to the books, accounts, papers, vouchers, stock and other property of such society and shall be allowed to verify its cash balance and securities.

(4) The directors, managers, administrators and other officers of the multi-state co-operative society shall furnish to the person auditing the accounts of the society all such information as to its transactions and working as such person may require.

(5) The Central Registrar or the person authorised by him under sub-section (1) to audit the accounts of the multi-state co-operative society shall have power, where necessary—

(a) to summon at the time of his audit any officer, agent, servant or member of the society, past or present, who, he has reason to believe, can give valuable information in regard to transactions of the society or the management of its affairs; and

(b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by any officer, agent, servant, or member of the society in possession of such books, documents, cash or securities and in the event of serious irregularities discovered during audit, to take them into custody.

(6) If at the time of audit the accounts of a multi-state co-operative society are not complete, the Central Registrar or the person authorised by him under sub-section (1) to audit may cause the accounts to be written up at the expense of the society.

(7) Audit fee, if any, due from any multi-state co-operative society shall be determined by the Central Registrar and shall be recoverable in the same manner as is provided in section 90.

**Inspection of
multi-
state co-
operative
societies.**

69. (1) The Central Registrar, or any person authorised by him by general or special order in writing in this behalf, may inspect a multi-state co-operative society.

(2) (a) For the purpose of inspection under sub-section (1), the Central Registrar or the person authorised by him under that sub-section shall at all times have access to all books, accounts, papers, vouchers, securities, stock and other property of that society and may, in the event of serious irregularities discovered during inspection take them into custody and shall have power to verify the cash balance of the society and subject to the general or special order of the Central Registrar to call a board meeting and a general meeting.

(b) Every officer or member of the multi-state co-operative society shall furnish such information with regard to the working of the society as the Central Registrar or the person making such inspection may require.

70 (1) The Central Registrar may, of his own motion or on the application of a majority of the members of the board or of not less than one-third of the members, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a multi-state co-operative society.

(2) The Central Registrar or the person authorised by him under sub-section (1) shall have the following powers, namely:—

(a) he shall at all reasonable times have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the multi-state co-operative society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same, at any place specified by him;

(b) he may, notwithstanding any rule or bye-law specifying the period of notice for a general meeting of the multi-state co-operative society, require the officers of the society to call a general meeting at such time and place at the headquarters of the society to consider such matters, as may be directed by him; and where the officers of the society refuse or fail to call such a meeting, he shall have power to call it himself;

(c) he may summon any person who is reasonably believed by him to have any knowledge of the affairs of the multi-state co-operative society to appear before him at any place at the headquarters of the society or any branch thereof and may examine such person on oath.

(3) Any meeting called under clause (b) of sub-section (2) shall have all the powers of a general meeting called under the bye-laws of the society and its proceedings shall be regulated by such bye-laws.

(4) The Central Registrar shall communicate a brief summary of the report of the inquiry to the multi-state co-operative society, the financing institutions, if any, to which the society is affiliated, and to the person or authority, if any, at whose instance the inquiry is made.

71. (1) The Central Registrar shall, on the application of a creditor of a multi-state co-operative society, inspect, or direct some person authorised by him by order in writing in this behalf to inspect, the books of the society:

Provided that no such inspection shall be made unless the applicant—

(a) satisfies the Central Registrar, that the debt is a sure than due, and that he has demanded payment thereof and has not reserved satisfaction within a reasonable time, and

Inquiry
by
Central
Registrar.

Inspection
of
books of
indebted
multi-
state co-
operative
societies

(b) deposits with the Central Registrar such sum as security for the costs of the proposed inspection as the Central Registrar may require.

(2) The Central Registrar shall communicate the result of any such inspection to the creditor.

Costs of inquiry and inspection.

72. Where an inquiry is held under section 70 or an inspection is made under section 71, the Central Registrar may apportion the costs, or such part of the costs, as he may think fit between the multi-state co-operative society, the members or creditor demanding an inquiry or inspection, and the officers or former officers and the members or past members of that society:

Provided that—

(a) no order of apportionment of the costs shall be made under this section unless the society or the person liable to pay the costs thereunder has had a reasonable opportunity of being heard;

(b) the Central Registrar shall state in writing under his own hand the grounds on which the costs are apportioned.

Recovery of costs

73. Any sum awarded by way of costs under section 72 may be recovered, on application to a magistrate having jurisdiction in the place where the person, from whom the money is claimable, actually and voluntarily resides or carries on business, and such magistrate shall recover the same as if it were a fine imposed by himself.

Surcharge.

74. (1) If in the course of an audit, inquiry, inspection or the winding up of a multi-state co-operative society, it is found that any person, who is or was entrusted with the organisation or management of such society or who is or has at any time been an officer or an employee of the society, has made any payment contrary to this Act, the rules or the bye-laws or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has misappropriated or fraudulently retained any money or other property belonging to such society, the Central Registrar may, of his own motion or on the application of the board, liquidator or any creditor, inquire himself or direct any person authorised by him, by an order in writing in this behalf, to inquire into the conduct of such person:

Provided that no such inquiry shall be commenced after the expiry of six years from the date of any act or omission referred to in this sub-section.

(2) Where an inquiry is made under sub-section (1), the Central Registrar may, after giving the person concerned an opportunity of being heard, make an order requiring him to repay or restore the money or property or any part thereof, with interest at such rate, or to pay contribution and costs or compensation to such extent, as the Central Registrar may consider just and equitable.

14 of 1947.

CHAPTER VIII
SETTLEMENT OF DISPUTES

75. (1) Notwithstanding anything contained in any law for the time being in force, if any dispute (other than a dispute regarding disciplinary action taken by a multi-state co-operative society against its paid employee or an industrial dispute as defined in clause (k) of section 2 of the Industrial Disputes Act, 1947) touching the constitution, management or business of a multi-state co-operative society arises—

Disputes.

- (a) among members, past members and persons claiming through members, past members and deceased members, or
- (b) between a member, past member or person claiming through a member, past member or deceased member and the multi-state co-operative society, its board or any officer, agent or employee of the multi-state co-operative society or liquidator, past or present, or
- (c) between the multi-state co-operative society or its board and any past board, any officer, agent or employee, or any past officer, past agent or past employee or the nominee, heirs or legal representatives of any deceased officer, deceased agent, or deceased employee of the multi-state co-operative society, or
- (d) between the multi-state co-operative society and any other multi-state co-operative society, between a multi-state co-operative society and liquidator of another multi-state co-operative society or between the liquidator of one multi-state co-operative society and the liquidator of another multi-state co-operative society,

such dispute shall be referred to the Central Registrar for decision and no court shall have jurisdiction to entertain any suit or other proceedings in respect of such dispute:

Provided that all disputes in which a national co-operative society is a party shall be referred to the Central Registrar appointed under sub-section (1) of section 4.

(2) For the purposes of sub-section (1), the following shall be deemed to be disputes touching the constitution, management or the business of a multi-state co-operative society, namely:—

- (a) a claim by the multi-state co-operative society for any debt or demand due to it from a member or the nominee, heirs or legal representatives of a deceased member, whether such debt or demand be admitted or not;
- (b) a claim by a surety against the principal debtor where the multi-state co-operative society has recovered from the surety any amount in respect of any debt or demand due to it from the principal debtor as a result of the default of the principal debtor, whether such debt or demand is admitted or not;
- (c) any dispute arising in connection with the election of any officer of a multi-state co-operative society.

(3) If any question arises whether a dispute referred to the Central Registrar is or is not a dispute touching the constitution, management or business of a multi-state co-operative society, the decision thereon of the Central Registrar shall be final and shall not be called in question in any court.

**Limita-
tion.**

76 (1) Notwithstanding anything contained in the Limitation Act, 1963, but subject to the specific provisions made in this Act, the period of limitation in the case of a dispute referred to the Central Registrar shall—

36 of 1963

(i) when the dispute relates to the recovery of any sum including interest thereon due to a multi-state co-operative society by a member thereof, be computed from the date on which such member dies or ceases to be a member of the society;

(ii) save as otherwise provided in clause (iii), when the dispute relates to any act or omission on the part of any of the parties referred to in clause (b) or clause (c) of sub-section (1) of section 75, be six years from the date on which the act or omission with reference to which the dispute arose took place;

(iii) when the dispute relates to a multi-state co-operative society which has been ordered to be wound up under section 78 or in respect of which an administrator has been appointed under section 49, be six years from the date of the order issued under section 78 or section 49, as the case may be;

(iv) when the dispute is in respect of an election of an officer of a multi-state co-operative society, be one month from the date of the declaration of the result of the election.

(2) The period of limitation in the case of any other dispute except those mentioned in sub-section (1) which are required to be referred to the Central Registrar shall be regulated by the provisions of the Limitation Act, 1963, as if the dispute was a suit and the Central Registrar a civil court.

36 of 1963.

(3) Notwithstanding anything contained in sub-sections (1) and (2) the Central Registrar may admit a dispute after the expiry of the period of limitation, if the applicant satisfies the Central Registrar that he had sufficient cause for not referring the dispute within such period and the dispute so admitted shall be a dispute which shall not be barred on the ground that the period of limitation has expired.

**Settle-
ment of
disputes**

77. (1) The Central Registrar may, on receipt of the reference of dispute under section 75—

(a) elect to decide the dispute himself; or

(b) transfer it for disposal to any other person who has been invested by the Central Government with powers in that behalf.

(2) The Central Registrar may withdraw any reference transferred under clause (b) of sub-section (1) and decide it himself or refer the same for decision to any other person who has been invested by the Central Government with powers in that behalf.

(3) The Central Registrar or any other person to whom a dispute is referred for decision under this section may pending the decision of the dispute, make such interlocutory orders as he may deem necessary in the interest of justice.

CHAPTER IX

WINDING UP OF MULTI-STATE CO-OPERATIVE SOCIETIES

78 (1) If the Central Registrar, after an inquiry has been held under section 70 or an inspection has been made under section 71, or on receipt of an application made by not less than three-fourths of the members of a multi-state co-operative society, is of opinion that the society ought to be wound up, he may, after giving the society an opportunity of making its representations, by order, direct it to be wound up

Winding up of multi-state co-operative societies

(2) The Central Registrar may, of his own motion and after giving the multi-state co-operative society an opportunity of making its representations, make an order directing the winding up of the multi-state co-operative society—

(a) where it is a condition of the registration of the society that the society shall consist of at least fifty members and the number of members has been reduced to less than fifty; or

(b) where the multi-state co-operative society has not commenced working or has ceased to function in accordance with co-operative principles.

(3) The Central Registrar may cancel an order for the winding up of a multi-state co-operative society, at any time, in any case where, in his opinion, the society should continue to exist

(4) A copy of such order shall be communicated by registered post to the society and to the financing institutions, if any, of which the society is a member.

(5) Notwithstanding anything contained in this section, no co-operative bank shall be wound up except with the previous sanction in writing of the Reserve Bank.

79 Notwithstanding anything to the contrary contained in this Act, the Central Registrar shall make an order for winding up of a co-operative bank, if so required by the Reserve Bank in the circumstances mentioned in section 13D of the Deposit Insurance Corporation Act, 1961.

Winding up of Coopera-tive banks at the direction of Reserve Bank.

Reim-burse-ment to the Depo-sit Insur-ance Cor-poration, by liquidator.

Liquidator.

47 of 1961

47 of 1961

80. Where a co-operative bank, being an insured bank within the meaning of the Deposit Insurance Corporation Act 1961, is wound up, or taken into liquidation, and the Deposit Insurance Corporation has become liable to the depositors of the insured bank under sub-section (1) of section 16 of that Act, the Deposit Insurance Corporation shall be reimbursed by the liquidator or such other person in the circumstances, to the extent and in the manner provided in section 21 of the Deposit Insurance Corporation Act, 1961.

81. (1) Where the Central Registrar has made an order under section 78 for the winding up of a multi-state co-operative society, the Central Registrar may appoint a liquidator for the purpose and fix his remuneration

(2) A liquidator shall, on appointment, take into his custody or under his control all the property, effects and actionable claims to which the multi-state co-operative society is or appears to be entitled and shall take such steps as he may deem necessary or expedient to prevent loss or deterioration of, or damage to, such property, effects and claims and he may carry on the business of the multi-state co-operative society so far as may be necessary with the previous approval of the Central Registrar.

(3) Where an appeal is preferred under clause (l) of sub-section (1) of section 91, an order for the winding up of a multi-state co-operative society made under section 78 shall not operate thereafter until the order is confirmed in appeal.

Provided that the liquidator shall continue to have custody or control of the property, effects and actionable claims mentioned in sub-section (2) and have authority to take the steps referred to in that sub-section.

(4) Where an order for the winding up of a multi-state co-operative society is set aside in appeal, the property, effects and actionable claims of the society shall re-vest in the society.

Powers of
liquidator.

82 (1) Subject to any rules made in this behalf, the whole of the assets of a multi-state co-operative society in respect of which an order for winding up has been made, shall vest in the liquidator appointed under section 81 from the date on which the order takes effect and the liquidator shall have power to realise such assets by sale or otherwise.

(2) Such liquidator shall also have power, subject to the control of the Central Registrar—

(a) to institute and defend suits and other legal proceedings on behalf of the multi-state co-operative society by the name of his office;

(b) to determine from time to time the contribution (including debts due and costs of liquidation) to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers, to the assets of the multi-state co-operative society;

(c) to investigate all claims against the multi-state co-operative society and subject to the provisions of this Act, to decide questions of priority arising between claimants;

(d) to pay claims against the multi-state co-operative society, including interest up to the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit; the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contract rate in any case;

(e) to determine by what persons and in what proportions the costs of the liquidation are to be borne;

(f) to determine whether any person is a member, past member or nominee of a deceased member;

(g) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the multi-state co-operative society;

(h) to carry on the business of the multi-state co-operative society so far as may be necessary for the beneficial winding up of the same;

(i) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim present or future, whereby the multi-state co-operative society may be rendered liable;

(j) to make any compromise or arrangement with any person between whom and the multi-state co-operative society there exists any dispute and to refer any such dispute for decision;

(k) after consulting the members of the multi-state co-operative society, to dispose of the surplus, if any, remaining after paying the claims against the society, in such manner as may be prescribed;

(l) to compromise all calls or liabilities to calls and debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or alleged to subsist, between the multi-state co-operative society and a contributory or alleged contributory or other debtor or person apprehending liability to the multi-state co-operative society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.

(3) When the affairs of a multi-state co-operative society have been wound up, the liquidator shall make a report to the Central Registrar and deposit the records of the society in such place as the Central Registrar may direct.

83. The surplus assets, as shown in the report of a liquidator of a multi-state co-operative society which is wound up,—

Disposal
of surplus
assets

(a) may, if the bye-laws of the multi-state co-operative society specify the purpose for which surplus shall be utilised, be utilised by the Central Registrar for the said purpose, and

(b) if the bye-laws aforesaid do not specify the purpose, be divided by the Central Registrar, with the previous sanction of the Central Government, amongst the members of such multi-state co-operative society in such manner as may be prescribed.

84. Notwithstanding anything contained in any law relating to insolvency, the contribution assessed by a liquidator shall rank next to debts due to the Central Government or a State Government or a local authority in order of priority in insolvency proceedings.

Priority
of con-
tributions
assessed
by liqui-
dator.

85. (1) The Central Registrar may, after considering the report of the liquidator made to him under sub-section (3) of section 82, order the registration of the multi-state co-operative society to be cancelled.

Power of
Central
Registrar
to cancel
regis-
tra-
tion of a
multi-
state
co-
operative
society.

(2) An order passed under sub-section (1) shall be communicated by registered post to the president of the multi-state co-operative society and to the financing institutions, if any, of which the society was a member.

CHAPTER X

EXECUTION OF DECREES, ORDERS AND DECISIONS

86. Every decision or order duly made under section 32, section 33, section 74, section 77, section 91, section 93 or section 94 shall, if not carried out,—

Execu-
tion of
decisions,
etc.

(a) on a certificate signed by the Central Registrar or any person authorised by him in writing in this behalf, be deemed to be a decree of a civil court and shall be executed in the same manner as a decree of such court, or

(b) where the decision or order provides for the recovery of money, be executed according to the law for the time being in force for the recovery of arrears of land revenue:

Provided that any application for the recovery in such manner of any sum shall be made—

(i) to the Collector and shall be accompanied by a certificate signed by the Central Registrar or by any person authorised by him in writing in this behalf;

(ii) within twelve years from the date fixed in the decision or order and if no such date is fixed, from the date of the decision or order, as the case may be; or

(c) be executed by the Central Registrar or any person authorised by him in writing in this behalf, by attachment and sale or sale without attachment of any property of the person or a multi-state co-operative society against whom the decision or order has been made.

Execution
of orders
of liqui-
dator

87. Every order made by the liquidator under section 82 shall be executed according to the law for the time being in force for the recovery of arrears of land revenue.

Attach-
ment
before
award.

88. (1) Where the Central Registrar appointed under sub-section (1) of section 4, or any officer invested with powers under the second proviso to sub-section (2) of that section, is satisfied that a party to any reference made to him under section 75 with intent to defeat or delay the execution of any decision that may be passed thereon is about to—

(a) dispose of the whole or any part of the property; or

(b) remove the whole or any part of the property from its existing precincts,

the Central Registrar may, unless adequate security is furnished, direct conditional attachment of the said property or such part thereof as he thinks necessary.

(2) The attachment under sub-section (1) shall be executed by a civil court having jurisdiction in the same way as an attachment order passed by itself and shall have the same effect as such order.

Central
Registrar
or the
person
authorised
by him
to be
civil
court
for cer-
tain pur-
poses.

Recovery
of sums
due to
Govern-
ment.

89. The Central Registrar or any person authorised by him in writing in this behalf shall be deemed, when exercising any powers under this Act for the recovery of any amount by the attachment and sale or by sale without attachment of any property, or when passing any orders on any application made to him for such recovery or for taking a step-in-aid of such recovery, to be a civil court for the purposes of article 136 of the Schedule to the Limitation Act, 1963.

36 of 1963.

90. (1) All sums due from a multi-state co-operative society, or from an officer or member or past member of a multi-state co-operative society as such, to the Central Government or a State Government, including any cost awarded to the Central Government or the State Government, as the case may be, under any provision of this Act, may, on a certificate issued by the Central Registrar in this behalf, be recovered in the same manner as arrears of land revenue.

(2) Sums due from a multi-state co-operative society to the Central Government or a State Government and recoverable under sub-section (1) may be recovered firstly from the property of the society and secondly from the members, past members or the estates of deceased members, subject to the limit of their liability:

Provided that the liability of past members and the estate of deceased members shall in all cases be subject to the provisions of section 30.

CHAPTER XI

APPEALS AND REVISION

91. (1) Subject to the provisions of section 92, an appeal shall lie Appeals, under this section against—

(a) an order made by the Central Registrar under sub-section (2) of section 7 refusing to register a multi-state co-operative society;

(b) an order made by the Central Registrar under sub-section (4) of section 9 refusing to register an amendment of the bye-laws of a multi-state co-operative society;

(c) an order made by the Central Registrar under sub-section (1) of section 15;

(d) a decision of a multi-state co-operative society refusing to admit any person as a member of the society who is otherwise duly qualified for membership under the bye-laws of the society;

(e) a decision of a multi-state co-operative society expelling any of its members;

(f) a decision of a multi-state co-operative society removing an elected member of a board under section 41;

(g) an order made by the Central Registrar under section 42;

(h) an order made by the Central Registrar under section 49 superseding the board of directors of a multi-state co-operative society;

(i) an order made by the Central Registrar under section 72 apportioning the costs of an inquiry held under section 70 or an inspection made under section 71;

(j) an order of surcharge under section 74;

(k) a decision or order made under section 77;

(l) an order made by the Central Registrar under section 78 directing the winding up of a multi-state co-operative society;

(m) an order made by the liquidator of a multi-state co-operative society under section 82;

(n) an order under section 88 directing attachment of property before award.

(2) An appeal against any decision or order under sub-section (1) shall be made within sixty days from the date of such decision or order—

(a) if the decision or order was made by the Central Registrar, to the prescribed authority;

(b) if the decision was made by a multi-state co-operative society (other than a national co-operative society), or a liquidator of such society, to the Registrar of Co-operative Societies of the State in which the society has its registered office and who is empowered to exercise the powers of the Central Registrar under sub-section (2) of section 4, or

(c) if the decision was made by a national co-operative society or a liquidator of such society, to the Central Registrar appointed under sub-section (1) of section 4.

(3) In disposing of an appeal under this section, the appellate authority may, after giving the parties an opportunity of making their representations, pass such order thereon as that authority may deem fit.

(4) The decision or order of the appellate authority on appeal shall be final.

No
appeal
or re-
vision in
certain
cases.

92. Notwithstanding anything contained in this Act, where with the previous sanction in writing of, or on requisition by, the Reserve Bank—

(i) a co-operative bank is being wound up; or

(ii) in respect of which a scheme of amalgamation or reorganisation is given effect to; or

(iii) in respect of which an order for the supersession of the board and the appointment of an administrator therefor has been made,

no appeal, revision or review thereagainst shall lie or be permissible, and the sanction or requisition of the Reserve Bank shall not be liable to be called in question.

~~Revision.~~

93. (1) Subject to the provisions of section 92, the Central Government may, of its own motion or on an application, call for and examine the records of any proceedings in which no appeal lies to the appellate authority under section 91 for the purpose of satisfying itself as to the legality or propriety of any decision or order made under this Act and if in any case it shall appear to the Central Government that any such decision or order should be modified, annulled or revised or remitted for reconsideration, the Central Government may, after giving the party to be affected thereby an opportunity of being heard, pass such order thereon as it may deem fit:

Provided that the application to the Central Government for the exercise of the power under this section shall be preferred within ninety

days from the date on which the decision or order to which the application relates was communicated to the applicant.

(2) The Central Government may suspend the execution of the decision or order pending the exercise of its power under sub-section (1) in respect thereof.

(3) The Central Government may award costs in proceedings under this section to be paid out of the funds of the multi-state co-operative society concerned or by such party to the application for revision as the Central Government may deem fit.

94. (1) The appellate authority under section 91 may, on the application of any party interested, review its own order in any case and pass in reference thereto such order as it thinks fit:

Review.

Provided that no such application shall be entertained unless the appellate authority is satisfied that there has been a discovery of new and important matter or evidence which after exercise of due diligence was not within the knowledge of the applicant or could not be produced by him at the time when the order was made or that there has been some mistake or error apparent on the face of the record or for any other sufficient reason:

Provided further that no such order shall be made under this sub-section unless notice has been given to all interested parties and they have been afforded a reasonable opportunity of being heard.

(2) An application for review under sub-section (1) by any party shall be made within thirty days from the date of communication of the order of the appellate authority sought to be reviewed.

95. Where an appeal is made under section 91 or where the Central Government calls for the records of a case under section 93, the appellate authority or the Central Government, as the case may be, may, in order to prevent the ends of justice being defeated, make such interlocutory orders, including an order of stay, pending the decision of the appeal or revision as such authority or the Central Government may deem fit.

Interlo-
cutory
orders

CHAPTER XII

SOCIETIES WHICH BECOME MULTI-STATE CO-OPERATIVE SOCIETIES CONSEQUENT ON REORGANISATION OF STATES

37 of 1956.

96. (1) Where by virtue of the provisions of Part II of the States Reorganisation Act, 1956, or any other enactment relating to reorganisation of States, any co-operative society which immediately before the day on which the reorganisation takes place, had its objects confined to one State becomes, as from that day, a multi-state co-operative society, it shall be deemed to be a multi-state co-operative society registered under the corresponding provisions of this Act and the bye-laws of such society, shall, in so far as they are not inconsistent with the provisions of this Act, continue to be in force until altered or rescinded.

Co-opera-
tive
societies,
function-
ing imme-
diately
before
reorgani-
sation of
States.

(2) If it appears to the Central Registrar or any officer authorised in this behalf by the Central Government (hereafter in this section referred to as the authorised officer) that it is necessary or expedient to reconstitute or reorganise any society referred to in sub-section (1), the Central Registrar or the authorised officer, as the case may be, may, with

the previous approval of the Central Government, place before a meeting of the general body of that society, held in such manner as may be prescribed, a scheme for the reconstitution or reorganisation, including proposals regarding—

(a) the formation of new multi-state co-operative societies and the transfer thereto in whole or in part, of the assets and liabilities of that society, or

(b) the transfer, in whole or in part, of the assets and liabilities of that society to any other multi-state co-operative society in existence immediately before the date of that meeting of the general body.

(3) If the scheme is sanctioned by a resolution passed by a majority of the members present at the said meeting, either without modifications or with modifications to which the Central Registrar or the authorised officer agrees, he shall certify the scheme and upon such certification, the scheme shall, notwithstanding anything to the contrary contained in any law, regulation or bye-laws for the time being in force, be binding on all the societies affected by the scheme, as well as the shareholders and creditors of all such societies.

(4) If the scheme is not sanctioned under sub-section (3), the Central Registrar or the authorised officer may refer the scheme to such judge of the appropriate High Court, as may be nominated in this behalf by the Chief Justice thereof, and the decision of that Judge in regard to the scheme shall be final and shall be binding on all the societies affected by the scheme as well as the shareholders and creditors of all such societies.

Explanation—In this sub-section, “appropriate High Court” means the High Court within whose jurisdiction the principal place of business of the multi-state co-operative society is situated.

(5) Notwithstanding anything contained in this section, where a scheme under sub-section (2) includes any proposal regarding the transfer of the assets and liabilities of any multi-state co-operative society referred to in clause (b) thereof, the scheme shall not be binding on the existing multi-state co-operative society or the shareholders and creditors thereof, unless the proposal regarding such transfer is accepted by the existing multi-state co-operative society by a resolution passed by a majority of the members present at a meeting of its general body.

CHAPTER XIII

OFFENCES AND PENALTIES

Offences.

97. (1) A multi-state co-operative society or an officer or member thereof wilfully making a false return or furnishing false information, or any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act, or wilfully not furnishing any information required from him by a person authorised in this behalf under the provisions of this Act, shall be punishable with fine which may extend to two hundred rupees.

(2) Any employer who, without sufficient cause, fails to pay to a multi-state co-operative society the amount deducted by him under section 59 within a period of fourteen days from the date on which such deduction is made, shall, without prejudice to any action that may be taken against him under any law for the time being in force, be punishable with fine which may extend to five hundred rupees.

(3) Any officer or custodian who wilfully fails to hand over custody of books, accounts, documents, records, cash, security and other property belonging to a multi-state co-operative society of which he is an officer or custodian, to a person entitled under section 50, section 68, section 69, section 70 or section 81 shall be punishable with fine which may extend to two hundred rupees and in the case of a continuing breach, with a further fine which may extend to five hundred rupees for every day during which the breach is continued after conviction for the first such breach.

98 (1) No court inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the first class shall try any offence under this Act

Cogni-
zance of
offence

(2) No prosecution shall be instituted under this Act without the previous sanction of the Central Registrar and such sanction shall not be given without giving to the person concerned a reasonable opportunity to represent his case

CHAPTER XIV MISCELLANEOUS

99. Every multi-state co-operative society shall keep a copy of this Act, the rules and its bye-laws and also a list of its members, open to inspection free of charge at all reasonable times at the registered address of the society.

Copy of
Act,
rules, and
bye-laws,
etc , to be
open to
inspection,

100 (1) Notwithstanding anything contained in this Act, the Central Government may, by general or special order, for reasons to be recorded therein, and subject to such conditions, if any, as may be specified therein, exempt any multi-state co-operative society or class of such societies from any of the requirements of this Act relating to registration

Power to
exempt
multi-
state
co-opera-
tive
societies
from con-
ditions as
to regis-
tration.

(2) (a) The Central Government may, by general or special order and for reasons to be recorded therein,—

(i) exempt any multi-state co-operative society or any class of such societies from any of the provisions of this Act or of the rules; or

(ii) direct that such provisions shall apply to such society or class of societies with such modifications not affecting the substance thereof as may be specified in the order:

Provided that no order under sub-clause (ii) shall be made so as to prejudice the interests of such society or class of such societies without an opportunity being given to make representation in the matter.

(b) Every order made under clause (a) shall be published in the Official Gazette.

101. Any person appointed as liquidator under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code

Liquidator
to be
public
servant

102. No suit shall be instituted against a multi-state co-operative society or any of its officers in respect of any act touching the constitution, management or the business of the society until the expiration of ninety days next after notice in writing has been delivered to the Central Registrar or left at his office, stating the cause of action, the name, description and place of residence of the plaintiff and the relief which he claims, and the plaint shall contain a statement that such notice has been so delivered or left.

Notice
necessary
in suits

Companies Act not to apply.

Saving of existing multi state co-operative societies.

103. The provisions of the Companies Act, 1956 shall not apply to multi-state co-operative societies.

1 of 1956.

104. (1) Every multi-state co-operative society existing immediately before the commencement of this Act which has been registered under the Co-operative Societies Act, 1912, or under any other Act relating to co-operative societies in force in any State or in pursuance of the provisions of the Multi-unit Co-operative Societies Act, 1942, shall be deemed to be registered under the corresponding provisions of this Act, and the bye-laws of such society shall, in so far as they are not inconsistent with the provisions of this Act or the rules, continue, to be in force until altered or rescinded.

2 of 1912.

(2) All appointments, rules and orders made, all notifications and notices issued and all suits and other proceedings instituted under any of the Acts referred to in sub-section (1) shall, in so far as they are not inconsistent with the provisions of this Act, be deemed to have been respectively made, issued and instituted under this Act, save that an order made cancelling the registration of a multi-state co-operative society shall be deemed, unless the society has already been finally liquidated, to be an order made under section 78 for its being wound up.

6 of 1942

Power to amend Second Schedule.

105. (1) If the Central Government is satisfied that any multi-state co-operative society should be designated as a national co-operative society or any national co-operative society listed in the Second Schedule should be omitted from the said Schedule, it may, by notification, amend the said Schedule so as to include therein such multi-state co-operative society or exclude therefrom such national co-operative society, and thereupon the said Schedule shall be deemed to have been amended accordingly.

(2) A copy of every notification issued under sub-section (1) shall be laid before each House of Parliament as soon as may be, after it is issued.

Bar of jurisdiction of courts.

106. (1) Save as otherwise provided in this Act, no court shall have any jurisdiction in respect of—

- (a) the registration of a multi-state co-operative society or its bye-laws or of an amendment of the bye-laws;
- (b) the removal of board of directors,
- (c) any dispute required under section 75 to be referred to the Central Registrar; and
- (d) any matter concerning the winding up and the dissolution of a multi-state co-operative society.

(2) While a multi-state co-operative society is being wound up, no suit or other legal proceedings relating to the business of such society shall be proceeded with or instituted against the liquidator as such or against the society or any member thereof, except by leave of the Central Registrar and subject to such terms and conditions as he may impose.

(3) Save as otherwise provided in this Act, no decision or order made under this Act shall be questioned in any court on any ground whatsoever.

Powers of civil court

107. (1) In exercising the functions conferred on him by or under this Act, the Central Registrar, or any other person deciding a dispute under section 77 and the liquidator of a multi-state co-operative society and a person entitled to audit, inspect or hold an inquiry under this Act,

S of 1908

shall have all the powers of a civil court, while trying a suit, under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of any document;
- (c) proof of facts by affidavits; and
- (d) issuing commissions for examination of witnesses.

(2) In the case of an affidavit, any officer appointed by the Central Registrar, or any other person deciding a dispute or the liquidator, as the case may be, may administer the oath to the deponent

108. No suit, prosecution or other legal proceedings shall lie against the Central Registrar or any person subordinate to him or acting on his authority in respect of anything in good faith done or purporting to have been done under this Act.

Indemnity.

109 (1) Notwithstanding anything contained to the contrary in any law relating to co-operative societies in force in a State, a multi-state co-operative society, not being a co-operative bank, may open branches or places of business in any place in India

Opening of
branches.

(2) Where a multi-state co-operative society opens branches or places of business under sub-section (1), such branches or places of business shall not be within the jurisdiction of the Registrar of Co-operative Societies of the State concerned and shall not be required to submit returns and information to such Registrar.

110. (1) The Central Government may, by notification, make rules to carry out the purposes of this Act

Power to
make
rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(i) the form to be used and the conditions to be complied with in the making of applications under section 6 for the registration of a multi-state co-operative society and the procedure in the matter of such applications;

(ii) the procedure and conditions for change in the extent of the liability of a multi-state co-operative society under section 13;

(iii) the matters in respect of which a multi-state co-operative society may or shall make bye-laws and the procedure to be followed in making, altering and abrogating bye-laws under section 9 or section 19 and the conditions to be satisfied prior to such making, alteration or abrogation;

(iv) the conditions to be complied with under section 20, by persons applying for admission or admitted as members, for the election and admission of members and the payment to be made and the interest to be acquired before the exercise of the right of membership;

(v) the number of individuals who may be admitted as members of the National Co-operative Union of India Limited, as required by section 20 and their qualifications;

- (vi) the votes of members, as required by section 24;
- (vii) the maximum number of shares or portion of the capital of a multi-state co-operative society which may, subject to the provisions of section 26, be held by a member,
- (viii) the constitution and powers of a representative general body under section 31;
- (ix) general meetings of the members under section 32 and the procedure at such meetings and the powers to be exercised by such meetings;
- (x) the proportion of individuals and multi-state co-operative societies in the constitution of the board of directors and the general body;
- (xi) the election of members of the boards under section 35 or section 37 and nomination of members to such boards, the appointment or election of officers and the suspension and removal of the members and other officers, and the powers to be exercised and the duties to be performed by the boards and other officers;
- (xii) the designation of any office which a person may hold in a multi-state co-operative society for the purposes of section 38 or section 39;
- (xiii) the restrictions and conditions subject to which honorarium may be paid under section 40 to the elected chairman or president of the board of directors for services rendered;
- (xiv) the appointment and regulation of work entrusted to person or persons replacing the board in pursuance of section 49;
- (xv) the constitution of a body of persons under section 51 for the preparation of a list of persons eligible for appointment to the posts of Chief Executives and other management posts in national co-operative societies and the amount of the maximum pay-scale applicable to such posts;
- (xvi) the recruitment, remuneration, allowances and other conditions of service of officers and other employees of national co-operative societies under section 51;
- (xvii) prohibiting a multi-state co-operative society from electing a defaulting member, or a representative of defaulting member-society, on its board;
- (xviii) the returns to be submitted by a multi-state co-operative society to the Central Registrar, the persons by whom and the form in which such returns shall be submitted and in case of failure to submit any such returns, the levy of expenses of preparing it;
- (xix) the persons by whom and the form in which copies of entries in books of multi-state co-operative societies may be certified under section 57 and the charges to be levied for the supply of such copies;
- (xx) the appointment of persons for settlement of disputes;
- (xxi) the procedure to be followed in proceedings before the Central Registrar or other persons deciding disputes including the appointment of a guardian for a party to the dispute who is a minor or who, by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interests, and the levy of expenses relating to such proceedings;

(xxii) the withdrawal and expulsion of members and the payments, if any, to be made to members who withdraw or are expelled and the liability of past members or the estates of deceased members;

(xxiii) the mode in which the value of a deceased member's share or interest shall be ascertained and the nomination of a person to whom such share or interest may be paid or transferred;

(xxiv) the payments to be made and conditions to be complied with by members applying for loans, the period for which any loans may be made and the maximum amount which may be lent to any member;

(xxv) the terms and conditions on which the Central Government may make share-capital contribution or give financial or other assistance to multi-state co-operative societies under section 60 and the terms and conditions on which the Central Government may guarantee the payment of the principal or interest on debentures issued by multi-state co-operative societies or loans or deposits raised by them;

(xxvi) the formation and maintenance of reserve funds and other funds under section 62 and the objects to which such funds may be applied, and the investment of any funds under the control of a multi-state co-operative society under section 63;

(xxvii) the conditions under which profits may be distributed under section 62 to the members of a multi-state co-operative society and the maximum rate of dividend which may be paid by multi-state co-operative societies;

(xxviii) the prohibitions and restrictions subject to which multi-state co-operative societies may, under section 66, transact business with persons who are not members;

(xxix) the accounts and books to be kept by a multi-state co-operative society and the audit of such accounts and the charges, if any, to be made for such audit under section 68, and the periodical publication of a balance-sheet showing the assets and liabilities of a multi-state co-operative society;

(xxx) the calculation and writing off of bad debts by multi-state co-operative societies;

(xxxi) the procedure to be followed by a liquidator appointed under section 81 in respect of provisions of section 82;

(xxxii) the procedure for execution of decisions under section 86;

(xxxiii) the procedure to be followed in presenting and disposing of appeals under section 91;

(xxxiv) the issue and service of processes and for proof of service thereof;

(xxxv) the manner of effecting attachment;

(xxxvi) the custody, preservation and sale of property under attachment;

(xxxvii) the investigation of claims by persons other than the defaulter to any right or interest in the attached property, and the postponement of sale pending such investigation;

(xxxviii) the immediate sale of perishable articles;

(xxxix) the inspection of documents in the office of the Central Registrar or of any other officer or authority and the levy of fees for granting certified copies of the same;

(xl) the manner in which funds may be raised by a multi-state co-operative society or a class of multi-state co-operative societies by means of shares or debentures or otherwise and the quantum of funds so raised;

(xli) the procedure under section 96 for reconstitution and re-organisation of societies which become multi-state co-operative societies consequent on reorganisation of a State;

(xlii) the method of communicating or publishing any decision or order required to be communicated or published under this Act or the rules;

(xliii) all other matters expressly required or allowed by this Act to be prescribed by rules.

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Repeal.

111. The Multi-unit Co-operative Societies Act, 1942, is hereby repealed.

6 of 1942.

THE FIRST SCHEDULE

[See section 3(f)]

CO-OPERATIVE PRINCIPLES

1 Membership of a multi-state co-operative society (hereafter in this Schedule referred to as the society) should be voluntary and open, without any social, political, or religious discrimination, to all persons who can make use of its services.

2 In a society other than that with institutional membership, individual members should enjoy equal rights of voting—one member, one vote.

3 Surplus or savings, if any, arising out of the operations of the society belong to the society as a whole, and no individual member has a claim to the surplus. The surplus should be utilised for all or any of the following purposes, namely:—

(a) providing for development of the business of the society;

(b) providing services for the common enjoyment of members;

(c) distribution among the members in proportion to their transactions with the society.

4. The society should undertake education of its members, office-bearers and employees and the general public regarding the principles and practice of co-operation

5. The society should actively co-operate in every practical way with other co-operative societies at local, national or international levels.



THE SECOND SCHEDULE

[See sections 3(m) and 105]

LIST OF NATIONAL CO-OPERATIVE SOCIETIES

1. National Co-operative Land Development Banks Federation Limited, Hyderabad, Andhra Pradesh.

2. All India State Co-operative Banks' Federation Limited, Bombay, Maharashtra.

3 National Co-operative Union of India Limited, New Delhi

4 National Agricultural Co-operative Marketing Federation of India Limited, New Delhi

5. National Co-operative Consumers' Federation Limited, New Delhi.

6 National Federation of Co-operative Sugar Factories Limited, New Delhi.

7 National Federation of Industrial Co-operatives Limited, New Delhi.

8 National Co-operative Housing Federation Limited, New Delhi.

9. Indian Farmers' Fertilizer Co-operative Limited, New Delhi.

10. All India Federation of Co-operative Spinning Mills Limited, Bombay.

11 All India Industrial Co-operative Banks' Federation Limited, Bangalore.

12. National Co-operative Dairy Federation of India Limited, New Delhi.

13. Petrofils Co-operative Limited, New Delhi

14. National Heavy Engineering Co-operative Limited, New Delhi.

15. The All India Handloom Fabrics Marketing Co-operative Society Limited, Bombay.

16 The National Federation of Urban Co-operative Banks and Credit Societies Limited, New Delhi.

STATEMENT OF OBJECTS AND REASONS

Co-operative societies with objects extending beyond one State and serving the interest of members in more than one State are at present governed by the provisions of the Multi-unit Co-operative Societies Act, 1942—a Central Act. This is only an enabling legislation facilitating the incorporation, regulation and winding up of multi-unit (state) co-operative societies under the provisions of the Co-operative Societies Act of the State where the principal place of business of any such society is located. As a result, different multi-unit co-operative societies are governed by different co-operative laws in the country.

2. Since 1942, far-reaching changes have occurred in the organisational structure, overall size and operations, etc., of multi-unit co-operative societies. A number of national level co-operative societies and federations, promoted by co-operatives in the country, have come up with the assistance of the Central and State Governments. These federations and societies are engaged in diverse spheres of co-operative activity. The provisions in the co-operative laws in different States governing these multi-state societies tend to vary from one another. Thus the lack of uniformity and the inadequacies in the existing arrangements have rendered it necessary to replace the existing legislative framework of such co-operatives by a common comprehensive Central legislation and providing for a Central Authority to be responsible for their registration, supervision and control. The present Multi-state Co-operative Societies Bill, framed in the light of the recommendations of the Expert Committee on Multi-State Co-operative Societies Legislation and in consultation with the State Governments, seeks to achieve this objective and is intended to facilitate the further development and more effective functioning of multi-state co-operative societies.

3. The proposed law will extend to the whole of India including Jammu and Kashmir. The present Multi-unit Co-operative Societies Act, 1942, does not extend to Jammu and Kashmir.

4. The scope of the Bill is divided into several parts on the usual lines of co-operative legislation in the States, providing, among other things, for the appointment of Central Registrar, registration of multi-state co-operative societies, members' rights and liabilities, management of co-operatives, privileges of multi-state co-operatives, their properties and funds, audit, inquiry, inspection, settlement of disputes, winding up and cancellation of registration of multi-state co-operative societies, etc.

5. Employees of certain categories of multi-state co-operatives are being made eligible to become members of these co-operatives; representation of the workers on the boards of directors of the societies has also been provided for.

NEW DELHI;

MOHAN DHARIA.

The 20th October, 1977

FINANCIAL MEMORANDUM

The Multi-state Co-operative Societies Bill, 1977, seeks to replace the existing Multi-unit Co-operative Societies Act, 1942. Except for some additional expenditure that may arise under clauses 4 and 37 of the Bill, no other new expenditure is envisaged by reason of the passing of the Bill.

2. Clause 4 of the Bill provides for the appointment of Central Registrar of Co-operative Societies. This appointment will not now entail any additional expenditure since one of the officers in the Ministry has already been designated as Central Registrar in an *ex-officio* capacity. Some additional supporting staff will, however, be needed to assist the Central Registrar in the discharge of his statutory functions under the various provisions of this Bill. To begin with, the following posts have been created involving a recurring additional expenditure of not exceeding Rs. 1,00,000 in a year.

Posts	Number of posts	Scale of pay
<i>Gazetted category</i>		
Deputy Director	one	Rs. 1100—1600
Section Officer	one	Rs. 650—1200
<i>Non-Gazetted category</i>		
Senior Technical Assistant	one	Rs. 550—900
Assistant/Junior Technical Assistant	one	Rs. 425—800
Stenographer Grade III	one	Rs. 330—560
L.D.C.	one	Rs. 260—400

3. Clause 37 of the Bill lays down that the election of the members of the board of directors of such multi-state co-operative societies or class of multi-state co-operative societies as may be notified in a general or special order, shall be held under the superintendence, direction and control of such returning officers as may be appointed by the Central Registrar. The exact amount of expenditure that might be involved on this cannot be assessed at this stage. The additional expenditure may be around Rs. 10,000 in a year.

4. Clause 60 of the Bill provides for financial assistance to multi-state co-operative societies in the form of share-capital, loans and advances, subsidies and guarantees. The system envisaged in this provision is already in vogue and no additional expenditure to the Government is envisaged.

5. The development of multi-state co-operative societies is an approved plan scheme. An amount of Rs 1 lakh has been included in the budget of the Ministry for the current financial year in respect of this scheme. The expenditure involved and referred to in the preceding paragraphs will be accommodated within the budget allocation for the year. Suitable provision will also be made for the subsequent years.

6. The Bill does not involve any non-recurring expenditure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 110 of the Bill empowers the Central Government to make rules to carry out the purposes of the Bill in respect of matters falling within the purview of this clause.

These matters relate to procedure and administrative detail and it is not practicable to provide them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

AVTAR SINGH RIKHY,
Secretary.